

The Honorable Karen A. Overstreet
Chapter 11
Hearing Date: Friday, April 9, 2010
Hearing Time: 11:00 am
Hearing Location: 700 Stewart St, 7th Floor
Seattle, WA
Response Date: Friday, April 2, 2010

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re

THE CASCADIA PROJECT LLC
EIN: 20-4188863,

Debtor.

Case No. 09-20780-KAO

DECLARATION OF STEVEN AHRENS IN
SUPPORT OF THE CASCADIA
PROJECT'S PRECAUTIONARY MOTION
FOR ORDER EXTENDING FINAL
HEARING ON MOTION OF
HOMESTREET BANK FOR RELIEF
FROM THE AUTOMATIC STAY AND
EXTENDING TIME TO FILE PLAN OF
REORGANIZATION AND DISCLOSURE
STATEMENT

I, Steven Ahrens, hereby declare as follows:

1. I am the Chief Financial Officer for The Cascadia Project LLC, debtor and debtor in possession herein ("TCP" or "Debtor"). I have personal knowledge of the facts set forth therein and I am competent to testify thereto.

2. TCP commenced this case on October 15, 2009 (the "Petition Date"). TCP has retained control over its assets, and continues to operate its business as a debtor in possession.

3. TCP's primary business operation is the development of approximately 4,200 acres of land located near Orting and Bonney Lake, Washington (the "Land"), as an employment based planned community, including the planned development of residential,

1 commercial, business and educational properties (collectively, the "Community"). TCP,
2 through contractors, also conducts timber harvesting on the Land and on the adjoining 514 acre
3 property owned by Cascadia Resort Communities LLC, ("CRC") which in turn is 50% owned by
4 TCP. The Land was originally purchased in 1991 by a wholly-owned subsidiary of a Bahamian
5 corporation owned by a group of Taiwan investors. TCP was formed in 1999 as a Washington
6 limited liability company whose sole member and manager is Patrick Kuo. TCP took title to the
7 Land in 2006.

8 4. HomeStreet has claims against Cascadia in the approximate amount of
9 \$75,000,000 (seventy-five million dollars). HomeStreet's claims are secured by the Land.

10 5. On November 29, 2009, in its Order following a case management
11 conference and fixing the last date to file claims [Dkt. #81], the Court set April 15, 2010 as the
12 date for TCP to file its disclosure statement and plan of reorganization, or, alternatively, a letter
13 explaining why a plan and disclosure statement are not ready and describing the status of the
14 case.

15 6. On December 18, 2009, the Court issued its written order granting
16 HomeStreet's motion for an order determining that Debtor's real property was single asset real
17 estate [Dkt. #120], holding that Debtor's real property is "single asset real estate" as defined by
18 11 U.S.C. § 101(51)(B) and for the purposes of 11 U.S.C. § 362(d)(3).

19 7. Also on December 18, 2009, HomeStreet filed a motion for relief from the
20 automatic stay [Dkt. #121] (the "Relief from Stay Motion"). A preliminary hearing on the matter
21 was held on January 22, 2010, and the Court subsequently ruled that the final hearing on the
22 Relief from Stay Motion would be heard at the same time as the plan confirmation hearing
23 beginning June 22, 2010. [Dkt. #198]. The Court also ruled that the automatic stay would be
24 extended until the Court entered an order on the Relief from Stay Motion after the conclusion of
25 the final hearing. [Dkt. #198].
26

8. The Court has set April 15, 2010 as the deadline by which TCP must file its plan of reorganization and disclosure statement. The evidentiary hearing on the matter has been scheduled for June 22, 23, and 24, 2010 [Dkt. #187], to be heard concurrently with the final hearing on the Relief from Stay Motion.

9. Since November 12, 2010, I and other employees of TCP have been working with Obsidian Finance Group to create a discounted cash flow model for the entire anticipated build out of the TCP project, expected to take 25 years. We have also held very substantive and promising discussions with potential strategic investors. As CFO of TCP, based on the financial information available to me, including the discussions with potential strategic investors, I believe it is unlikely that TCP can negotiate plan terms with a strategic investor to get a plan drafted and filed by April 15, 2010. However, I believe that we can obtain a commitment from a strategic investor and negotiate and file a plan by May 31, 2010.

Pursuant to 28 U.S.C. §1746, I declare on penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

SIGNED this 16th day of March, 2010, at Bellevue, Washington.

/s/ Steven E. Ahrens
Steven E. Ahrens